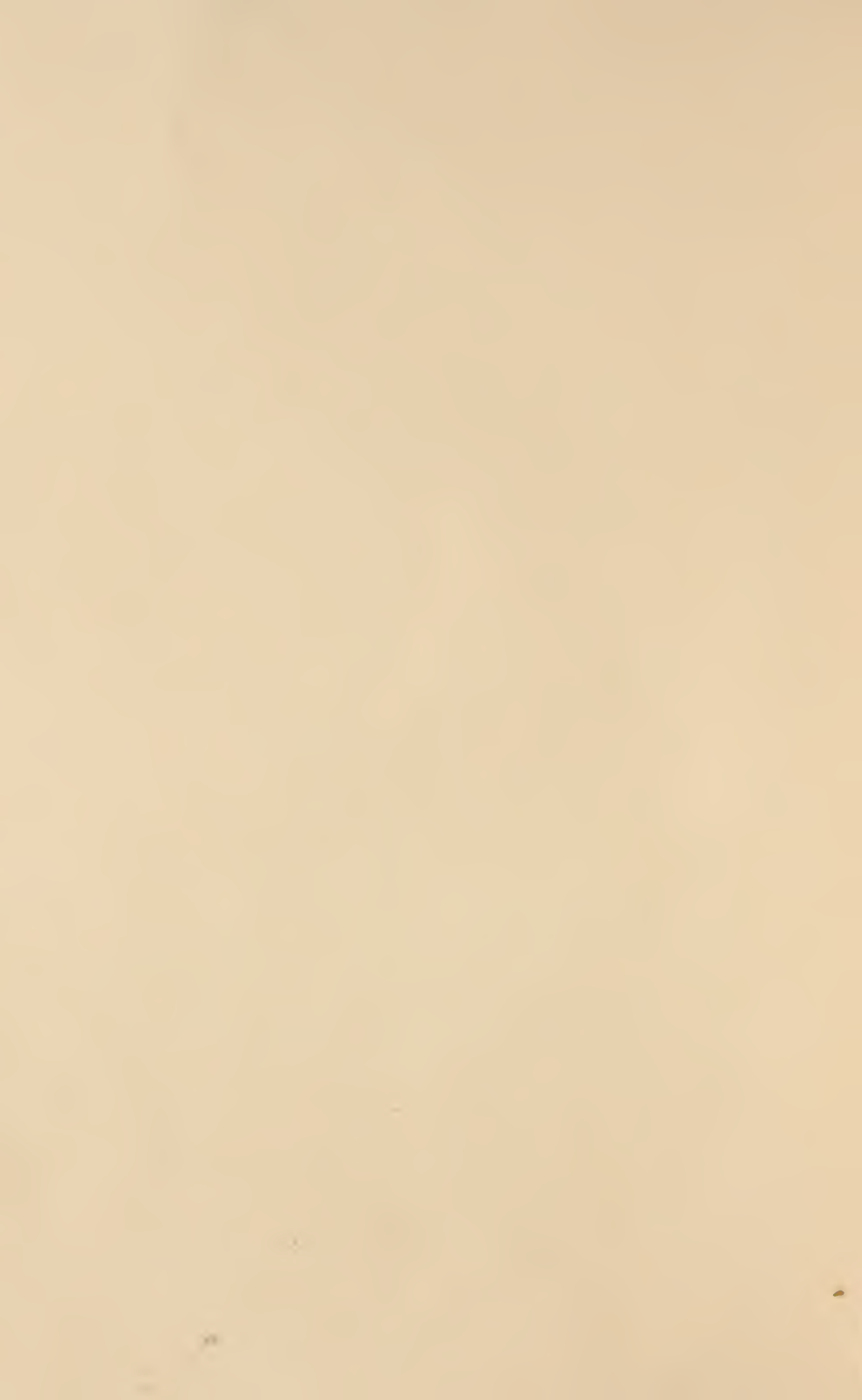


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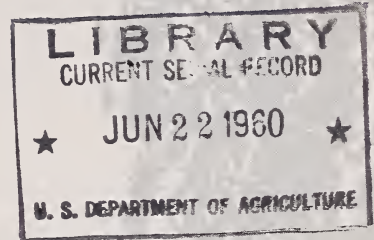


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X **THE
PACKERS
AND
STOCKYARDS
ACT:**



**WHAT IT IS,
HOW IT OPERATES** X

UNITED STATES DEPARTMENT OF AGRICULTURE

²
U.S. Agricultural Marketing Service,
Livestock Division //
Washington, D.C.

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THE PACKERS AND STOCKYARDS ACT

*What it is
How it operates*

I. THE LAW

The Packers and Stockyards Act is a Federal statute regulating business practices of those engaged in interstate and foreign commerce in livestock and live poultry marketing and meat and poultry packing.

It sets out rules for fair business practices and free, open competitive markets.

This law was passed by Congress in 1921 and last amended in 1958.

WHAT IT MEANS TO YOU --

The Packers and Stockyards Act:

1. Safeguards farmers and ranchers from marketing practices which would deprive them of true market value of their livestock and poultry.
2. Protects consumers against unfair business practices in the marketing of meats and poultry.
3. Protects members of the livestock and poultry and marketing and meat industries from unfair, deceptive, unjustly discriminatory, or monopolistic practices of competitors.

THE ROLE OF USDA --

The Packers and Stockyards Act is administered by the U. S. Department of Agriculture.

The agency within the Department charged with carrying out the provisions of the law is the Packers and Stockyards Branch, Livestock Division, Agricultural Marketing Service.

The P & S Branch maintains 20 district offices, each of which is charged with administering the law in a specified area of the country. A list of these offices and the area covered may be found on page 8 of this publication.

II. NOW, ABOUT LIVESTOCK MARKETING--

All interstate transactions in livestock--cattle, sheep, swine, horses, mules, and goats--are subject to the provisions of the Packers and Stockyards Act.

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SUBJECT TO REGULATION

More specifically subject to regulation under the law, when operating in interstate commerce, are:

Stockyards--both terminal and auction markets which charge for services and are open to the public.

Market agencies--persons or firms which buy or sell livestock on commission or furnish other services in connection with the purchase or sale of livestock.

Dealers--persons or firms engaged in the business of buying and selling livestock for speculative purposes.

Packer buyers--persons regularly employed by packers to purchase livestock for slaughter.

Meat packers--whether buying livestock at stockyards, at their packing plants or in the country.

POSTING--

The P&S Act provides that public livestock markets operating in interstate commerce may be "posted." This means that notices are posted in three conspicuous places at the market stating that it is subject to the Act.

After USDA determines that a market is subject to posting, notice is published in the Federal Register giving all interested parties opportunity to voice objections. Provided no valid objection is raised, the market may be posted 15 days later.

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Country buying stations, which are private markets, are not posted--although they are subject to the Act if their owners and operators make purchases or sales in interstate commerce.

REGISTERING AND BONDING--

When a market is posted, the owner and the market agencies and dealers regularly operating there are required within 30 days to register with the U.S. Department of Agriculture and furnish bond coverage to assure payment for livestock purchases and sales and for the protection of patrons' funds.

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Bonds are based on the volume of business transacted during the past 12 months. The minimum is \$5,000.

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Farmers, ranchers, and feeders who are not dealers in interstate commerce are not required to register or file bond when buying to restock.

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The Department also requires registration and bonding by dealers and market agencies who buy direct in the country or operate buying stations if they buy, ship, or sell in more than one state or sell to meat packers who slaughter and ship in commerce.

Packer buyers are required to register as dealers buying for slaughter purposes only, but are not required to file bond.

SERVICES, FACILITIES, AND RATES

The Packers and Stockyards Act requires owners of livestock markets and market agencies to furnish patrons with reasonable services and adequate facilities.

Charges for services and use of facilities must be reasonable and nondiscriminatory.

Within 60 days after a market is posted, the market owner and every market agency operating there must file with the Department and keep open to public inspection at the market a schedule showing all rates and charges.

SCALES AND WEIGHING--

Any person or firm subject to the Packers and Stockyards Act who is responsible for weighing livestock is charged with installing, maintaining, and operating scales in such a way as to assure correct weights.

The weighbeam or dial on livestock scales should be installed so that the entire weighing operation is visible to both buyer and seller.

Scales must be properly tested, to capacity used, not less than twice each year by a competent agency.

Scales must be operated by a properly instructed weighmaster who is required to weigh to the nearest five pounds, giving no advantage to either buyer or seller.

Scales must be balanced not less than once every 15 minutes, or after 15 drafts, whichever occurs first.

Serially numbered scale tickets must be issued and a copy of each kept on file.

ACCOUNTING--

Every livestock market owner, market agency, and dealer subject to the Packers and Stockyards Act is required to keep "such accounts, records, and memoranda as fully and correctly disclose all transactions involved in his business, including the true ownership of such business by stockholding or otherwise."

No special system of bookkeeping is required as long as records reveal true nature of all transactions.

No false or fictitious name may be used in any records, scale tickets, sales sheets, or purchase sheets.

Each buyer and seller should receive a true written account of his transaction, including an itemized listing of all charges made for yardage, feeding, selling, etc.

Shippers' money must not be used to finance market operations or for the market owner's personal business but must be protected at all times to assure payment to the shipper for livestock sold.

Accountants with the Packers and Stockyards Branch check the accounts of market operators, commission firms, and dealers to make sure the provisions of the P & S Act are being observed and that the financial condition of the company is sound.

BUSINESS PRACTICES--

The Packers and Stockyards Act specifically prohibits any stockyard owner, market agency, or dealer subject to its jurisdiction, from engaging any "unfair, unjustly discriminatory, or deceptive practice or device" in connection with the "receiving, marketing, buying, . . . selling, . . . feeding, watering, holding, delivery, shipment, weighing, or handling" of livestock.

In addition, market agencies are charged with seeing that bidding is open and competitive. They should:

Solicit buyers to attend sales.

Represent the best interests of shippers to the market.

Provide equal treatment to all shippers regardless of size or regularity of shipments.

But should not:

Misrepresent quality of livestock.

Finance dealers.

Guarantee prices to be received on livestock shipped.

Permit employees to buy out of consignment for speculative purposes.

Permit auctioneers, weighers, starters, or clerks to buy out of consignment for any purpose.

REPARATIONS--

Anyone who believes that some action of a dealer, market operator, or commission agent subject to the Act has caused him loss or damage may petition for reparations. He must file his complaint in writing with the district supervisor within 90 days after the transaction of which he complains has taken place.

III. MEAT PACKERS AND THE P & S ACT

Anyone buying livestock for slaughter is defined as a packer under terms of the Packers and Stockyards Act, provided that purchases are made across State lines or at a livestock market posted as subject to the Act.

Those who manufacture or prepare meats or meat food products for sale or shipment in interstate commerce are also packers.

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If a meat packer is engaged in interstate commerce, his purchase of livestock and poultry and his sales of meat, meat products, poultry, and poultry products are subject to the provisions of the Packers and Stockyards Act.

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GENERAL REQUIREMENTS--

A packer subject to the P & S Act may not:

1. Engage in or use any unfair, unjustly discriminatory, or deceptive practice.

2. Make or give any undue or unreasonable preference or advantage to any person or locality, or subject any person or locality to any undue or unreasonable prejudice or disadvantage.

3. Agree or arrange with any other packer to apportion purchase or sales territories or supplies for the purpose or with the effect of restraining commerce or creating a monopoly.

4. Engage in any act for the purpose of or with the effect of manipulating or controlling prices, creating a monopoly, or restraining commerce.

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Every meat packer is required to keep "such accounts, records, and memoranda as fully and correctly disclose all transactions involved in his business, including the true ownership of such business" and is subject to practically the same record and accounting requirements listed under "Accounting," page 4.

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In connection with his purchases and sales, the packer subject to the P & S Act is required to install, maintain, and operate scales so as to assure correct weights and is bound by the requirements listed under "Scales & Weighing," page 3.

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PURCHASING LIVESTOCK AND POULTRY--

The packer is not required to register with the U. S. Department of Agriculture nor obtain bond, although his employed buyers are required to register.

Meat packers' buying operations in the country, at their buying stations and packing plants, as well as their operations at posted stockyards, are subject to provisions of the P & S Act.

Unjustified failure or refusal to pay promptly for livestock is a violation of the Act.

All buying operations of packers subject to the Act must be conducted fairly and honestly, regardless of the place where the transaction is conducted.

All packers subject to the Act, in accounting to producers for livestock purchased direct, must show the correct weight, price, and other information necessary to account fully and accurately.

SELLING MEAT, MEAT PRODUCTS, POULTRY, AND POULTRY PRODUCTS--

No packer may misrepresent, in advertising or any other manner, the quality, grade, ingredients, weight, or manufacture of any product sold.

Products must be offered to competitors on a fair and nondiscriminatory price basis.

Allowances for advertising and promotional purposes and services offered to customers must be on a fair and nondiscriminatory basis.

REQUIREMENTS FOR POULTRY DEALERS AND HANDLERS--

The Packers and Stockyards Act makes specific provision for regulating commerce in live poultry in "designated areas," major markets designated by the U. S. Department of Agriculture as important poultry marketing areas. These include at present New York, Chicago, St. Louis.

In addition, many of the other provisions of the Packers and Stockyards Act apply to poultry marketing in the designated areas and to interstate transactions in poultry elsewhere.

Maintenance of proper books and records is a requirement for all those engaged in poultry marketing and subject to the P & S Act.

In designated areas, all persons engaged in poultry marketing, whether as dealers (those who buy for slaughtering purposes), as market agencies selling poultry on an agency basis, or as handlers, are required to be licensed with the U.S. Department of Agriculture and to show that they are financially responsible and are not otherwise unfit to engage in business.

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Licensees operating as market agencies or handlers at designated markets are subject to the same provisions of the Packers and Stockyards Act as are livestock market agencies, except that bonding is not required. (See pages 2-5.)

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Poultry dealers at designated markets are subject to the same provisions of the Packers and Stockyards Act as are meat packers. (See pages 5-6.)

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At points other than designated markets, poultry dealers or handlers buying or selling live poultry in interstate commerce for purposes of slaughter are subject to the same provisions of the P & S Act as are meat packers. (See page 5.) No license is required nor is any showing of financial responsibility. Maintenance of proper books and records is required.

IV. ENFORCEMENT

Representatives of the USDA Packers and Stockyards Branch make regular trips to posted markets, meat packing plants, and buying stations to make sure that regulations under the law are being observed.

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When violations are discovered, warnings may be issued or formal charges may be filed against the violators. These formal charges may result in the issuance of an order to cease and desist from the practice complained of. In serious cases, if the violator is a registrant, his registration under the P & S Act may be suspended for a specified period. This would bar him from conducting operations in commerce for that period of time. Criminal violations, such as false weighing or accounting, may be referred to the Department of Justice for prosecution.

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At any time a charge is made, the person or firm charged is given opportunity for a hearing to present his side of the case.

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Anyone who feels that he has been treated unfairly by anyone subject to the Act may make a complaint to the district P & S Branch supervisor. A complaint of substance will be investigated and without cost to the complainant.

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DISTRICT OFFICES AND AREA COVERED

Billings, Montana

210 Livestock Exchange Building
(Montana, Northern Wyoming)

Chicago, Illinois

999 Exchange Avenue Union
Stockyards
(Northern half Illinois, Wisconsin)

Cincinnati, Ohio

3129 Spring Grove Avenue
(Cincinnati, Kentucky, West Virginia)

Denver, Colorado

403 Livestock Exchange Building
(Colorado, Northern New Mexico, Southeastern Wyoming, Western Nebraska)

Fort Worth, Texas

231 Livestock Exchange Building
(Texas, Southwestern New Mexico)

Indianapolis, Indiana

238 Livestock Exchange Building
[Indiana, Ohio (except Cincinnati), Michigan]

Kansas City, Missouri

760 Livestock Exchange Building
(Kansas, Western Missouri)

Lancaster, Pennsylvania

1147 Lititz Pike
(New England States, Maryland, Delaware, Pennsylvania, New York, New Jersey)

Los Angeles, California

Livestock Exchange Building
Union Stockyards
[California, Nevada (except Northeastern Corner), Arizona]

Montgomery, Alabama

New Post Office Building
(Louisiana, Florida, Georgia, Alabama, Southern half Mississippi)

Nashville, Tennessee

214 Livestock Exchange Building
(Tennessee, Eastern half Arkansas, Northern half Mississippi)

National Stockyards,

Illinois
Livestock Exchange Building
(Southern half Illinois, Eastern half Missouri)

North Portland, Oregon

Livestock Exchange Building
(Washington, Oregon, Northern part Idaho)

Ogden, Utah
P.O. Box 390

(Utah, Southern part Idaho, Southwestern part Wyoming, North-eastern Nevada)

Oklahoma City, Oklahoma
231 Livestock Exchange Building
(Oklahoma, Western Arkansas)

Omaha, Nebraska
609 Livestock Exchange Building
[Nebraska (except Western part), Southwestern part Iowa]

Raleigh, North Carolina
(Virginia, North Carolina, South Carolina, District of Columbia)

Sioux City, Iowa
225 Livestock Exchange Building
[Iowa (except Southwestern corner), South Dakota]

South St. Paul, Minnesota
208 Federal Building,
(Minnesota, North Dakota, Northwestern corner Wisconsin)

PUBLICATIONS

Specific questions concerning the Packers and Stockyards Act and its enforcement may be addressed to the P & S Branch district offices or the Washington headquarters. Available from the same sources are the following publications:

Questions and Answers on the Packers and Stockyards Act for
LIVESTOCK PRODUCERS (AMS-348)

The Packers and Stockyards Act as it applies to AUCTION
MARKETS (AMS-284)

The Packers and Stockyards Act as it applies to LIVESTOCK
DEALERS (AMS-319)

The Packers and Stockyards Act (SRA-164) ✓ See inf

